

IN THE SENATE OF THE UNITED STATES.

11th JANUARY, 1830.

Read, and ordered to be printed.

Mr. SANFORD, from the Select Committee appointed to consider the state of the current coins, and to report such amendments of the existing laws concerning coins, as may be deemed expedient, made the following

REPORT:

The law of the second day of April 1792, establishing the mint and directing coins of gold, silver and copper, expressly enacts, that the gold and silver coins shall be a legal tender, in all payments; but it is not declared by that law, or by any express enactment, that our copper coins shall be legal money. The currency of all other copper coins is expressly prohibited by the law of the eighth day of May 1792. It is, and from the first institution of our coins has been, an uncertain question, whether a debtor can compel his creditor to receive payment in cents or half cents. A discussion of this question as it now stands upon the existing laws, is here, unnecessary. Our copper coins are either legal money, or they are not. If they are a legal tender, they are so without limitation of amount; and any debt however great, may be discharged in cents or half cents. If they are not a legal tender, they are not so in any case, or for the smallest sum; and we have no legal money for very small payments. Both branches of this alternative are unfit; and neither of them should be law. The coins of copper are altogether unsuitable for payment of large sums; they are not necessary for payments which may be made by the coins of silver or gold; and their peculiar destination is, to make those small payments which can not be made by coins of higher value. The copper coins should therefore, be confined to their proper province; and within that sphere, they should be legal for all purposes of money.

It is proposed that the amount for which the copper coins shall be a legal tender, shall be ten cents. A sum greater than ten cents, would be inconvenient: and though five cents may be paid in silver, by a half dime, and ten cents by a dime or two half dimes, yet it is convenient that the debtor should also be able to pay these small sums in the copper coins. The sum of ten cents, as a rule for this purpose, seems to adjust reasonably, the question of convenience between creditor and debtor: and this regulation, while it will afford entire facility to small and exact payments, will prevent the abuse of burdening creditors with an inconvenient amount of these coins. When our copper coins shall be thus confined to very small payments, the objection often made, that they are too heavy for the purposes of money, will have little force.

All our silver coins are now, indiscriminately, legal money for all payments; and any debt however large, may be discharged in the small coins of this metal.

The design of a system which employs gold, silver and copper as money, is, that the several metals should be used for the respective offices to which each of them is peculiarly adapted; that gold should be used chiefly for large payments; that payments which are neither very great nor very small, should be made in silver; and that copper should serve only for payment of very small sums. The object of different coins of the same metal is, that the smaller coins should be used to pay the small sums which they express.

All these are objects of real and great convenience. But when small coins, so convenient for small and exact payments, are used to discharge large debts, their inconvenience is manifest. All the coins offered in payment, must be counted; every piece must be examined, at least, by inspection; and the labor of effecting a payment is nearly, in proportion to the number of pieces used for that purpose. To abridge this labor, large coins are necessary; and public convenience requires, that such coins should be used in payment of large sums.

Our various coins are well adapted to these different ends; but we have hitherto, made no discrimination between our different coins, in respect to their use in payments.

We have four silver coins less than a dollar; and we allow to the debtor the option to pay either gold or silver coins. It is not expedient that he should also have the option to pay a large debt, in these small coins of silver.

Where all the coins are equally applicable to all payments, the community seldom enjoy, to a convenient extent, the use of the larger coins. Large coins are withdrawn from circulation sooner and more frequently, than smaller pieces. The coins most convenient to the manufacturer, to the merchant who exports coins, and to all who deal in the precious metals as merchandize, are the pieces which contain the greatest quantity of metal. All these persons select large coins for their purposes, in preference to small pieces; and where the same quantity of metal may be obtained either in large pieces or small coins, the greater convenience of large pieces for the uses to which coins are applied by these persons, is alone, a decisive reason for this preference. Another cause concurring with this convenience, operates powerfully, to withdraw large coins from currency. Circulating coins are never entirely uniform in weight. Small coins lose a greater proportion of weight than large coins, by circulation; and where the different coins have been in use during the same period, large coins are less diminished in weight and intrinsic value. The merchant or the manufacturer who selects large pieces instead of small coins, not only finds the large pieces more convenient, but he generally, finds also a considerable gain in the quantity of metal which he obtains by this preference. This disproportion is moreover, a direct inducement to convert large coins into bullion. As the diminution of small coins is often much greater than that of large coins, the larger pieces are converted into bullion, for the gain which this operation affords: these conversions are extensive in proportion as they are profitable; and are profitable according to the degree of disproportion of weight between large coins and small pieces. Motives of convenience and motives of profit thus cooperate to the same result; and demands for gold or silver, which fall upon the coins, are satisfied from the largest pieces which can be procured. The larger coins constantly depart from circulation,

while the smaller coins remain; and it is often found, that nearly all the coins remaining in use, consist of the minor pieces.

The large coins which are converted into bullion, exported from the country, or used in manufactures, are the coins which are most convenient to the whole community, when large sums are to be paid and received; and the public interest is, that a considerable portion of the current coins should be those which are adapted to the object of paying large sums with facility. A due portion of large coins should therefore, not only be issued, but also be retained in circulation. This end is to be attained only, by rendering such coins necessary for the large payments, to which they are adapted.

As a regulation in this respect, it is proposed that the silver coins less than a dollar, shall not be a legal tender for any sum exceeding ten dollars. The sum proposed for this purpose, by Mr. Lowndes, in a Report made to the House of Representatives, on the twenty-sixth day of January 1819, was five dollars; but this sum seems too low. If a new system were now to be instituted, or if all our different coins were in circulation, in due proportion to each other, the sum of five dollars might be taken as the convenient rule, in this particular. In the actual state of our coins, the sum of ten dollars appears preferable; and this sum will sufficiently guard creditors against the inconvenience of receiving large payments in small silver coins.

The sixteenth section of the act of the second day of April 1792, is in these words: "All the gold and silver coins which shall have been struck at and issued from the said mint, shall be a lawful tender in all payments whatsoever; those of full weight, according to the respective values herein before declared, and those of less than full weight, at values proportional to their respective weights."

The legal value of our coins of gold and silver, thus depends on their actual weight. This regulation involves the inconvenience, that our coins must be actually weighed, when weighing is required; but this inconvenience can not be avoided, without incurring a greater evil. Coins unequal in weight and intrinsic value, but bearing the same legal value, are a source of grievous disorder and injustice; and all coins, however uniform in weight, when they leave the mint, afterwards become reduced and unequal, in intrinsic value. Our system therefore, prescribes the weights which shall be given to our coins by the mint, and their legal values when they have those weights; and directs, that coins of less than full weight, shall have legal values, according to their actual weights. The currency of our gold and silver coins by mere tale, is neither enforced nor prohibited; but is left to take place, according to convenience and consent. But in enacting the principle, that the value shall be controlled by the weight, universal terms have been used, by which all our gold and silver coins however diminished in weight, are made legal money; and in this respect, a restriction is necessary.

The smallest and lightest remnant of a coin, is now legal money, equally with a perfect piece of full weight; and it is in the option of a debtor, to discharge his debt, either in coins of full weight, or in those which are diminished to any inferior weight.

Coins which must be weighed to ascertain their value, are very inconvenient money. When coins manifestly much diminished, are offered in payment, the creditor must, in justice to himself, require that they shall be actually weighed; and weighing must be followed by the calculations requisite to convert weights into pecuniary values. These proceedings are ex-

ceedingly troublesome. Coins should indeed, be liable to examination of their actual weight, as the ultimate and controlling test of their value; but, to be entirely convenient, they should require only to be counted; and when weight becomes the necessary or ordinary test of the value of coins, much of their convenience is lost. When actual weighing decides that coins are greatly diminished, it decides that they are no longer fit for convenient use. Coins so inferior in usefulness, can not be justly ranked with those which being of full weight or slightly reduced, afford the great convenience of currency by tale.

While a coin retains the stamp of the mint, that impression certifies the denomination of the piece and the quality of the metal. When coins are so worn, that their inscriptions and distinctive marks are effaced, they have lost the character which they received from the mint; and without that manifest character, they are not coined money. When a piece is so reduced, that its appearance does not indicate whether it is of one denomination or another, or whether it is of the national mint or of foreign coinage, its purity and weight are uncertain; and it wants the qualities of money. That coins reduced to disks of smooth metal, should be legal money, is quite too inconvenient; and it is unnecessary that they should be so, where the public mint is always ready to convert them into perfect pieces.

All such coins are unfit for circulation by tale; and their compulsory currency by weight, is an inconvenience, to which the community ought not to be subjected.

The currency of diminished coins has a powerful tendency to expel perfect coins from circulation. In every society where coins are used, they are treated very differently, by two classes of persons. One class comprising far the greater number, pay and receive coins, without regard to their actual weight; and the great circulation of the community takes place, by mere tale. Another class consists of persons who in various ways, deal in the precious metals as merchandize; and this class traffic in coins, according to their actual weight and intrinsic value. While an immense majority of the society are incessantly circulating diminished coins as equivalent to those of full weight, dealers in gold and silver are constantly making the discrimination which is not made by others; and their business is, to derive profit from these disparities. While others circulate by tale, they ascertain the value of coins, by weight. They receive coins of full weight, and pay those of reduced weight; they exchange diminished coins for coins of full weight; and the constant commerce of the society renders these substitutions easy and endless. When a diminished coin has been used to obtain a coin of full weight for gain, the coin of full weight circulates no more. It is converted into bullion, or treated as bullion; and is exported or used in manufactures, as bullion is wanted for either of these objects.

While the weight of coins is incessantly reduced by the friction of ordinary use, this is not the sole cause of their diminution. Coins are easily reduced to any inferior weight, by artificial means. Various processes, some of which are denominated filing, clipping, boring, sealing and sweating are employed to subtract from coins of full weight, a portion of their metal: the coins so reduced, are put into circulation by tale; and the value of the metal withdrawn, is gained by those who perform these operations. These practices are forbidden by law; but as they are or may be secret, they can not be repressed.

Ordinary use and artificial reductions thus cooperate to diminish the weight of coins: and new alimént is constantly given to the business of procuring coins of full weight, by means of those which are lighter. But these exchanges are not limited to the acquisition of coins of full weight. When all the coins are below full weight, they still to a great extent, circulate by tale. But some of them are lighter than others; and the heavier pieces are continually withdrawn from circulation. The lighter pieces remain; but remain only until they in their turn, become heavier than others, when they likewise disappear. The substitution of lighter coins for heavier pieces, proceeds more or less rapidly, in proportion to the profit which it affords: and these operations pass unheeded or little observed by the public, until at length, their effect becomes sensible to the whole community. A scarcity of coins is felt; attention to the current coins is excited; the absence of entire coins is observed; and the coins remaining in circulation, are found to consist of pieces reduced greatly below the full weight of their denominations.

Prices are adjusted to the money in which they are to be paid; and when the current coins or some of them are diminished, it is found more convenient to raise prices and receive the coins by tale, than to sell for lower prices and receive the coins by weight. In this condition of the coins, prices are raised. The seller expecting to receive the current coins by tale, and knowing that some of them are diminished in weight, states his price as nearly as he is able, according to the quantity of metal which he is to receive in payment; compensating the deficient weight of diminished coins, by the superior weight of entire coins. Such a price is founded upon an estimated average of the intrinsic values of the coins of full weight and the diminished coins supposed to be in circulation. But what proportion of the circulating coins is diminished, is never accurately known; diminished coins are reduced in weight, in various degrees; such coins are often, numerous in one scene of circulation, and few in another; their number is sometimes, suddenly increased, and they enter into payments, in various proportions with coins of full weight. From these uncertainties, no equation can be extracted; and all calculations to that end, must be inaccurate or uncertain. Instead therefore, of the certainty which the current coins do not afford, vague estimations of their true value are made; and such estimations agree in considering coins of full weight as worth less, and diminished coins as worth more, than their intrinsic values; but differ variously, in the estimated rates of depreciation and addition. To avoid the inconvenience of weighing the current coins, an imaginary standard of their value is thus formed; prices are in practice, adjusted to this standard; and by the influence of diminished coins, the measure of value is rendered, to a considerable extent, indefinite, fluctuating and uncertain.

This state of the coins impedes the coinage of bullion. When diminished coins are by currency and custom, as valuable as coins of full weight, the possessor of gold or silver in bullion, finds more profit, in exchanging it for diminished coins, than for coins of full weight.

Diminished coins are thus, imperfect money; they are unfit for circulation by tale; they disturb the measure of value; they impede the emission of new coins; and by their agency, the community is deprived of the uniform coins which public convenience requires.

When diminished coins have become numerous and much reduced in weight, and still circulate as equivalent to coins of full weight, the evil is

not redressed merely by issuing new coins. An emission of new coins affords new and profitable employment to all who are engaged in exchanges, artificial diminution and the conversion of coins into bullion. The new coins of full weight, are quickly converted into bullion, or into diminished pieces; and the circulating money consists as before, in great part, of diminished coins. The only effectual remedy is, to abolish the cause which banishes entire coins; and a total suppression of diminished coins must be accompanied or followed, by a recoinage of all or great part of the money of the country. This remedy, inconvenient as it is, then becomes the less evil; and in other countries, it has often been found necessary.

If diminished coins are banished from circulation, as they become reduced, they are gradually replaced by new coins, with very little inconvenience. If they are suffered to circulate, until they become a large portion of the current coins, they can not be suddenly replaced; nor can the transition from such a state to an adequate supply of new coins, take place, without greatly disturbing the business and interests of the community. A general recoinage may be long postponed; but where diminished coins continue to circulate, their progressive diminution, their increasing amount, and their consequent mischiefs, more and more felt, at length render a general renewal of the coins, inevitably necessary. It is far better, that the remedy should keep pace with the disease; that coins which become diminished, should be at once, excluded from circulation; and that as they are gradually banished from use, their place should be gradually supplied by new coins.

The disorders which are inevitably generated by the currency of diminished coins, exist in this country, and are increasing; and we are silently and gradually, deprived of a large portion of our best coins. The diminished coins which have hitherto, been the principal cause of mischief in our country, are the Spanish coins which circulate as equivalent to the coins of our own mint: and in respect to these Spanish coins, a distinct measure will be proposed. Our own coins are not yet much reduced by ordinary use; but many of them are artificially diminished. Since the evils of diminished coins result from the nature of things, increase with time, and if not counteracted, become sooner or later, a capital vice in the money of every country, they should be anticipated, and so far as may be practicable, should be prevented by the monetary system itself. Our own system has no precaution in this respect; it expressly makes our coins diminished to any degree whatever, as fully legal, as coins of entire weight; and it thus promotes the march of these mischiefs. Some restriction of the existing rule is necessary, as a permanent regulation, which may at least, check the progress of this great disorder, and the regulation which seems best adapted to this purpose and to our present situation, is, that our diminished coins should not be, as they now are, legal money.

Though entire uniformity in the weight of circulating coins, is unattainable, great diversities are not to be tolerated. If all the circulating coins can not be of full and uniform weight, still, the more nearly they approach that condition, the more sound and useful, is the money of the country: and in proportion as the circulating coins are diminished and unequal, the inconveniences and mischiefs which have been described, must exist.

If coins cease to circulate when they are slightly reduced, the benefits of coinage are in some degree, lost. If they continue to circulate after they are much reduced, great mischief in all the money of the country follows. Both these inconveniences are to be avoided: and the only practicable mea-

sure for this purpose, is to establish a discrimination between coins which, though slightly diminished, may still circulate with utility, and coins much diminished, which can not circulate without mischief.

To ascertain the greatest diminution of weight which our coins will undergo, and yet leave their devices and inscriptions clearly discernible, experiments have been recently made at the mint: and it is found, that our dollar and its parts when reduced by attrition, so that their devices and inscriptions are not wholly obliterated, but would be entirely effaced by a slight farther diminution, lose the proportions of their respective full weights, which follow:

The dollar loses five and seventy-six hundredths per centum.

The half dollar loses six and seventy-two hundredths per centum.

The quarter dollar loses seven and sixty-eight hundredths per centum.

The dime loses nine and one tenth per centum.

The half dime loses ten and one fifth per centum.

When our silver coins are diminished in any degree greater than these respective rates, they are destitute of the impression of the mint; and for that reason alone, are unfit for farther circulation.

The impression of the mint being essential, coins which have lost that impression, should cease to circulate; but this criterion does not also decide that all diminished coins which retain the marks of the mint, may circulate with safety and advantage to the public. Other considerations evince that the degree of diminution, at which coins should cease to circulate, ought to be less than the rates indicated by the mere fact that so much of the impression of the mint remains, that the character of the coins is still discernible.

The preceding rates of the loss of weight by attrition, in our silver coins, are the utmost limits of diminution, within which, the marks of the mint are visible; and though within these limits, the impression of the mint is discernible, yet when these coins are reduced to these limits, they are exceedingly defaced and their beauty is lost.

Some of the modes of artificial diminution, such as boring and sweating, subtract much of the weight of coins, and yet leave their devices and inscriptions, with little or no alteration.

The various mischiefs resulting from diminished coins take place, when coins are diminished in a degree much less than the rates of diminution which they will undergo, without losing entirely, the impression of the mint. A small difference of weight between coins of the same denomination is sufficient to afford profit by exchanges, to engage the trader in coins, in his operations, and to consign coins of full weight to the crucible or to exportation. The pernicious effects of diminished coins, are the great evil against which, provision is to be made; and the only adequate remedy is, to remove so far as may be practicable, the source of gain which must always exist, where there is any considerable difference of weight, between current coins of the same denomination. The high importance of this object renders it necessary, that the diminution which shall put an end to the circulation of coins, should be a very small part of their full weight.

The measure now proposed, being not to suppress absolutely, the circulation of diminished coins, but to check their currency, by depriving them of the character of legal money, they may nevertheless, circulate by consent; and the degree of diminution, at which such coins shall cease to be legal, may without inconvenience, be low.

Still, the rate of diminution, at which coins shall cease to be legal, should not be so low, as to confine them to a very short term of circulation.

From careful examination of our own coins and those of other countries, the loss of weight sustained by our coins by ordinary use, during a period of fifty years, is estimated, as follows:

The eagle loses about one per centum.

The half eagle loses nearly two per centum.

The quarter eagle loses about three per centum.

The dollar loses about one per centum.

The half dollar loses nearly two per centum.

The quarter dollar loses about three and a half per centum.

The dime loses about six per centum.

The half dime loses about ten per centum.

It is proposed that our coins shall not be a legal tender, when they are diminished in weight, more than one twenty-fifth part or four per centum of their full weight; and that this rule shall be applied to all the coins. Different rates of diminution for the different coins, would be too complex, and would afford very little advantage. Under the restriction now proposed, our coins diminished only by ordinary use, will be legal money during the following periods:

The eagle, about two hundred years.

The half eagle, about one hundred years.

The quarter eagle, about sixty-seven years.

The dollar, about two hundred years.

The half dollar, about one hundred years.

The quarter dollar, about fifty-seven years.

The dime, about thirty-three years.

The half dime, about twenty years.

Though the object of giving to the public the use of coins for a long period, and that of arresting their currency when their farther circulation would be pernicious, are not fully compatible with each other, they may be, to a great extent, reconciled. When we seek a particular rule which shall harmonize these objects according to their just importance, our choice can not be determined by exact science; and some rule avoiding extremes, approaching if not attaining the desired medium, and promising probable success, must be selected. The rule now proposed seems well adapted to the intended end; it is deemed eligible; and it may be safely adopted and pursued, until experience shall suggest a more beneficial regulation.

This restriction will protect creditors from payments in coins much diminished; will check the circulation of such coins; and will tend to preserve to the public the use of our best coins.

When our monetary system and the mint were established, it was justly conceived to be an essential part of the system of national money, that the currency of foreign coins should cease. It was expedient, that the foreign coins which were then the money in use, should be suffered to circulate, until the mint should be in operation and able to issue our own coins; and the term of three years was regarded as a period, at the end of which, we ought to dispense with all foreign coins and abolish their currency. Thirty-eight years have since elapsed; and we have not yet dispensed with foreign coins, as legal money.

Our laws have at different times, legalized certain foreign coins; but all these laws were intended to be temporary, and most of them were expressly limited to short periods, which have expired. The only foreign coins which are now a legal tender, are Spanish dollars and the parts of those dollars.

Some Spanish dollars are still coined by the mint of Madrid ; but with this exception, the coinage of Spanish dollars and their parts has entirely ceased. None or very few of these recent Spanish coins, reach this country.

Our great supply of Spanish coins has always been derived from the American countries formerly Spanish and now independent; and the Spanish dollar and its parts now current in this country, were coined by the mints of Mexico, Peru and other American countries, while those countries were subject to the dominion of Spain. Since those countries have become independent, they have instituted new coins for themselves: and though their coins are in some respects, formed upon the model of the Spanish dollar, they deviate variously, from that example; and the devices and external marks of these coins are entirely different from those of the Spanish dollar.

Few or none of the Spanish coins now in this country, have been fabricated within the last fifteen years; a very large portion, probably one half of them, had been fabricated and were in use, before the year 1792, when our mint was established; and nearly all of them have been in use, during various periods, from twenty to one hundred years.

All these Spanish coins are reduced in various degrees, from their original weights. All of them have been reduced by use, and many of them also by artificial means; and many of these coins are exceedingly diminished. It is estimated that these Spanish coins now in our circulation, are at this time, less in weight, than their original full weights, by the following proportions:

The dollar, about one per centum.

The half dollar, about three per centum.

The quarter dollar, about six per centum.

The eighth of a dollar, about eleven per centum.

The sixteenth of a dollar, about nineteen per centum.

These are averages of the rates of diminution of these several coins; many of them of each denomination, being reduced more, and many less, than these estimated rates.

In the year 1826, various foreign coins were examined and weighed at the mint; the results were laid before the Senate, in January 1827; and according to those results, the diminution of these Spanish coins is somewhat less, than it is stated to be by the estimates now made. The examination of the mint was undoubtedly, faithful and accurate; but the results which it then presented, are subject to the uncertainty which belongs to the estimates now made and to all statements of such facts. It being impossible to examine all the coins in circulation, all that can be done, is to examine, carefully, a great number of them; and to deduce from their various degrees of diminution, an average, which will probably, be also the average of the diminution of the coins of the same kind, not examined. Such an examination and such a deduction of averages, were made by the mint in 1826; and a similar proceeding has been the foundation of the estimates now made. But the coins examined by any person, at any time or place, may be in their average, more or less diminished than an exact average of all the like coins in circulation: and it is believed, that the Spanish dollars and their parts which were examined by the mint in 1826, must have been somewhat less diminished, than the residue of these coins circulating in all parts of the United States. Minute differences between averages resulting from particular examinations, are however, of little importance, where the results

of all examinations concur in showing the general state of the fact of diminution.

An average of another kind, will exhibit the diminution of these coins, in one view. Of these Spanish coins now in our circulation, there are very few dollars, and the half dollars are not numerous. The quarters, eighths and sixteenths are very numerous; they form a considerable portion of the circulating coins; their aggregate amount very far exceeds the amount of dollars and half dollars; and these minor coins are the pieces which are most diminished. An average of the diminution of all these Spanish dollars and their parts, deduced from the several amounts of the coins of each denomination believed to be now in our circulation and their respective rates of diminution, is estimated to be nearly seven per centum of the original weight and value of the aggregate quantity.

The Spanish dollars and their parts coined at different times, were not entirely uniform in weight; and the original full weight of some of these coins was such, that the intrinsic value of the dollar was equal to a dollar and nearly a cent of our money. The proportions in which these coins of different emissions and different original weights, constitute the total sum now in our circulation, can not be determined with any accuracy; but some of these coins originally a little more valuable, than our own silver coins, are a part of the mass. Hence, the degree of diminution of these Spanish coins, does not express with entire accuracy, the actual difference of weight between them and our own coins: and the actual weight of these Spanish coins at this time, is the important fact sought to be ascertained. When the Spanish dollars and their parts now in our circulation, are considered in their aggregate quantity, it is estimated that at this time, the entire mass is at least, six per centum less in actual weight, than the full weight of our own silver coins.

Whatever may be the exact average of this disparity, great numbers of these Spanish coins are now reduced in weight, far below any average of the diminution of the aggregate quantity; great numbers of them are exceedingly inferior in intrinsic value, to our own coins of like denominations; and this portion of these Spanish coins, is quite sufficient to operate with powerful effect, upon the coins of our own mint.

The Spanish dollars which are now a legal tender, are those of which the actual weight is not less than seventeen pennyweights and seven grains; and the parts of the Spanish dollar are not a legal tender, unless they have like proportional weight. There are very few Spanish dollars and not many Spanish half dollars now in our circulation: and of those now in use, a few have the weight thus requisite to make them legal money. All or almost all the Spanish quarter dollars are below the requisite weight; and most of them are reduced much below that weight. The eighths and sixteenths of the Spanish dollar are still more diminished; and all of them are far below the weight required to make them a legal tender. Of all these coins, a very small portion, not perhaps amounting to a hundredth part, may have the weight prescribed by the law now in force: and these alone, are now legal money. The regulation by which Spanish dollars and their parts are thus legal money or not, according to their actual weight, was established in 1793. The legislature of that time were justly sensible of the mischief which would follow, if such of these coins as are inferior to our own in weight, should circulate as equal to them in value; and by this regulation, they intended to exclude such inferior coins from currency. Experience

has shown that this discrimination of law, is without efficacy, in fact. If the existing law were enforced in practice, such of these coins as are below the requisite weight, would not circulate. A very different consequence takes place; and in practice, all these coins are equally current, without regard to their actual weight. From the fact that some of these coins have the weight requisite to make them legal money, and from custom, inattention or the inconvenience of weighing coins, all of them are current by tale, at full values. The actual weight of these coins is a test of their value, used only by those who by means of lighter coins, withdraw heavier coins from circulation; and in the indiscriminate currency of all these coins by tale, the large portion of them which is much reduced in weight, has ample scope for the mischiefs which diminished coins never fail to produce.

The mint of the United States, from its commencement to the first day of the present year, has issued coins amounting to the following sums.

Gold coins,	-	-	-	-	8,691,530 dollars.
Silver coins,	-	-	-	-	25,266,077 dollars 90 cents.
Total amount of gold and silver coins,	-	-	-	-	33,957,607 dollars 90 cents.
Copper coins, about	-	-	-	-	539,530 dollars.

The coins of all kinds now in the United States, are estimated to amount to about twenty-three millions of dollars. Of this amount, it is estimated that about fourteen millions consist of our own coins; about five millions of Spanish dollars and their parts; and about four millions of various other foreign coins.

Of the gold and silver coins issued by our mint, amounting nearly, to thirty-four millions of dollars, a portion not exceeding fourteen millions of dollars, now remains in this country, in the form of coins: and this portion consists almost wholly, of the coins of silver.

Our gold coins are withdrawn from circulation, chiefly by the operation of a particular cause, not now discussed.

More than one-third of our silver coins have departed from circulation.

Almost all the early silver coins of our mint have disappeared. Our silver coins now current, are principally those issued within the last ten years; and of these, the greater portion are of the most recent emissions.

Our silver coins are to a great extent, treated as bullion; and whether they are converted into bullion, or pass into manufactures, or are exported, they are lost to the use of the community, as coins.

The diminished Spanish coins are neither converted into bullion, nor exported, nor used in manufactures; and they continue in circulation.

These Spanish coins circulating as equivalent to our own coins of like nominal value, are chiefly the instruments, by which our own coins are withdrawn from circulation. By means of these Spanish coins of very reduced weight, our own coins of full weight or very slightly reduced, are procured and converted into bullion, or used as bullion in manufactures or for exportation. The inevitable consequence of coins current at the same value, while they are not of the same weight, takes place; the excess of intrinsic value of our own coins, over that of the diminished Spanish coins, is gained by somebody; our own coins disappear; and the lighter Spanish pieces continue in circulation.

Some other causes have slightly contributed to withdraw our silver coins from circulation; but these minor causes are inadequate to the magnitude of the effect which has been produced. The silver coins issued by our mint, have exceeded the amount of all the coins now in the United States; and

the portion of these silver coins which has disappeared, is a sum greater than the amount of all the foreign coins now in this country. An amount not less than eleven millions of dollars of our silver coins, has been withdrawn from circulation; and the concurrent use of Spanish coins inferior to our own coins in weight and intrinsic value, but of equal value in currency by tale, has been the principal cause of this fact.

Though a large amount of our coins has disappeared, the increasing emissions of the mint would soon supply their place, if our own coins could remain in circulation. Our silver coins would remain in circulation, if they were not incessantly displaced by diminished Spanish coins; and while this cause shall exist, it will be impossible to retain any great quantity of our silver coins in currency.

The injury already done by these Spanish coins has been great; and if they could suffer no farther diminution, they would continue to produce like mischief, in future. But these coins must become still more reduced by longer circulation; and as they shall decrease in weight, they will more and more, banish our own coins from circulation. As diminished coins, they can not be tolerated: their currency is incompatible with the due progress and success of our own system of money; and it is indispensable to the preservation of our own coins, that the currency of these Spanish coins should cease.

In many parts of our country, prices and debts are expressed in dollars and cents, according to our legal nomenclature of money and our own coins; but in other parts of the republic, prices and pecuniary sums are to a great extent, expressed in pounds, shillings and pence, and especially in shillings and pence. Pounds, shillings and pence are merely a money of account, unknown to our laws; and to state accurately, the value of our own coins in this money, calculations involving small fractions, are necessary. This inconvenience alone is great. A much greater evil is, that these pounds, shillings and pence are of four dissimilar kinds, in different States and places, each of them making different divisions of the Spanish dollar and its parts, into shillings and pence: and each of these discordant imaginary moneys, though understood by the inhabitants of the local scene where it prevails, is little known by others. These denominations with their various significations, had existed in many of the States before the establishment of our national system of money; and they had been applied to the Spanish silver coins, which were then the most common money of the country. The same denominations are still continued by custom; and this usage is prolonged by the presence and currency of the Spanish coins, with which the denominations of pounds, shillings and pence have been so long associated. When these Spanish coins shall disappear, the denominations of pounds, shillings and pence will soon cease; prices and debts will be stated in dollars and cents; and not only will our coins be uniform, but we shall also enjoy in practice, the great convenience of a uniform expression of values in the national money, in every part of the United States.

While these Spanish coins are legal money, they will not be converted into our own coins. The possessor of these coins can gain nothing by their recoinage, when they are equal in weight, to our own coins; and when they are inferior in weight, but still equal in current value, he will certainly not employ the mint to convert his diminished coins into a less number of pieces.

It has been said that we are not ready to dispense with these Spanish coins, because our own coins have not yet taken their place in circulation. Our own coins have not taken their place in circulation, because these foreign coins have had the currency and the sanction of law, which they now possess: and while they enjoy this powerful protection, they can not be replaced by our own coins. Not only will these Spanish coins continue to circulate, but diminished as they now are, they will to a great extent, expel our own coins from circulation. If the currency of these Spanish coins can not be discontinued without some inconvenience, that inconvenience will be transient; will be soon succeeded by the great benefit of sound and uniform coins of our own mint; and will be itself the price, without which, that benefit cannot be obtained.

It is in our power to possess a sufficient supply of our own coins; but we never can enjoy this great convenience, without employing the means which are necessary to the end. We are in no want of gold and silver; and in a country so rich, industrious and commercial, there never can be any deficiency of these metals, of long duration. Our recent imports and exports of gold and silver, have been, during the four years which are specified, as follows:

From the thirtieth day of September 1824, to the thirtieth day of September 1825;

Imports, 6,150,765 Dollars.

Exports, 8,797,055 Dollars.

From the thirtieth day of September 1825, to the thirtieth day of September 1826;

Imports, 6,880,966 Dollars.

Exports, 4,098,678 Dollars.

From the thirtieth day of September 1826, to the thirtieth day of September 1827;

Imports, 8,151,130 Dollars.

Exports, 7,971,306 Dollars.

From the thirtieth day of September 1827, to the thirtieth day of September 1828:

Imports, 7,489,741 Dollars.

Exports, 7,550,439 Dollars.

These great quantities of the precious metals are brought into our country, and when here, are ready to satisfy any demand internal or foreign, which may exist. They are now, exported soon after they arrive. Any portion of the gold and silver imported, which may be requisite for a supply of our own coins, may be retained for that object; but this purpose can not be accomplished, without rendering our own coins necessary for the uses of money. Coins are converted into bullion, and bullion is converted into coins by the mint, at the pleasure of every possessor of coins or bullion; the object of either conversion, is gain; and the possessor of bullion will not employ the mint to coin it, unless coins are more valuable than the uncoined metal. A demand for coins for the offices of money, renders them more valuable than bullion: and an adequate supply of coins can never be obtained and held in circulation, otherwise than by an effective demand for coins as money.

Whatever may be the amount of the coins possessed by the community, and whether the offices of money are performed wholly by coins, or partly by coins and partly by credit in the forms of paper money, it is of the

highest moment, that the coins which are the only legal money, should be uniform and current, according to their true values.

To depend upon foreign coins for our ordinary domestic use, is unworthy of ourselves and our condition. We have all the reasons of policy which induce nations to establish and coin money, for themselves: we have all the means for coining our own money: our own system of money, our mint and our own coins, are no longer, in their infancy: and the just pride of national character should now discard the foreign coins which were from necessity, adopted and used by the country, in its colonial state.

The currency of these Spanish coins must now be abolished, or at least, be checked. As these coins are widely diffused and can not be immediately replaced in circulation by our own coins, it would be too rigorous, to prohibit at once, their currency by consent. Their circulation may be checked, by depriving them altogether, of the character of legal money; and this is the measure which is now recommended. Being in familiar use, these coins will still to a great extent, circulate by consent; and though any circulation of these coins will be pernicious, their currency by consent of parties, may for some time longer, be tolerated.

Our mint is in a very satisfactory state. Its officers possess all the skill requisite for their stations; the modern improvements in the art of coining have been adopted; and the machinery proper for fabricating all our coins, is provided and is in use. The establishment is complete in all the faculties of a national mint; and being complete in its organization, its capacity to issue coins, may be easily enlarged. Our coinage has hitherto been performed in an edifice extremely unsuitable for the operations of a mint; but under this disadvantage, the mint has been able to coin without much delay, all the gold and silver which have been presented for coinage. In pursuance of a recent provision of law, a new edifice for the use of the mint, is now in a course of construction; and this structure will afford ample accommodation for all the operations of a great mint. It will be completed in January or February 1831; and the mint will be established and in full operation in the new edifice, before the fourth day of July 1831. The mint is now able to fabricate and issue coins to the amount of five millions of dollars in a year; and it will soon be able to coin ten millions of dollars in a year, or any greater sum which our wants may require.

The proposed regulations concerning the legal tender of the copper coins, and the legal tender of diminished coins of silver and gold, may without inconvenience, have immediate operation.

It is proposed that the regulation by which Spanish dollars and their parts will cease to be a legal tender, shall take effect on the fourth day of July 1831. Before that time, all these Spanish coins now in the United States, may be recoinced, if they should be presented to the mint, for that purpose. Almost all the Spanish dollars now in this country, are collected in the commercial seaports; where they are held rather as articles of merchandize, than as circulating coins. The minor coins and especially the quarters, eighths and sixteenths of the Spanish dollar, are in active circulation in all parts of our country. These coins being in common use, great numbers of them will circulate by consent, after they shall cease to be legal money; as all of them now circulate freely, when very few of them are a legal tender. No great quantity of these Spanish coins will be presented for recoinage, at any particular time. This measure will therefore, produce no inconvenient pressure upon the community or the mint: and its

practical effect will be, that these Spanish coins will be gradually withdrawn from circulation and gradually replaced by our own coins.

We are not prepared for the immediate operation of the rule by which our silver coins less than a dollar, will not be a legal tender for payment of large sums. Our gold coins are withdrawn from circulation, soon after they are issued from the mint; and we have very few dollars of our own mint, now in currency. A delay which may enable us to provide a suitable amount of dollars or of dollars and gold coins, must therefore, be allowed. The proposed regulation should be now established, that all may prepare for its effect; and the time assigned for the commencement of its operation, should be sufficiently remote to allow requisite preparation, and sufficiently near to impose the necessity and give the impulse, without which preparation will not be made.

The values of gold and silver in their relation to each other, now established in our coins, are different from the relative values of these metals in commerce; the legal valuation of gold being too low, and that of silver too high. Our gold coins are withdrawn from circulation, chiefly by the operation of this erroneous proportion. This subject is now under examination by the Secretary of the Treasury, in pursuance of a Resolution of the Senate; and it is believed, that by suitable regulations, the convenience of gold coins may be secured to the country. But if this object should not be attained, and our coins shall hereafter consist as they now do, of silver, the coins of this metal should be such as are best adapted to public convenience. Without the regulation now proposed, dollars will not be coined, or if coined, will not remain in circulation; and the dollar, the largest silver coin authorized by law, the unit of our system of money, will be known only as a money of account, not represented by any sensible object.

Had this regulation been in force from the commencement of our system, we should now have in currency, a due proportion of the higher coins. All our coins having been indiscriminately legal for all the purposes of money, the causes which subtraet large coins from circulation, have had unrestrained operation; and we are now almost destitute of the higher coins which our system has wisely authorized.

When this regulation shall be in force, a portion of the current coins must consist either of dollars, or of dollars and gold; but this portion will probably, be no great part of the aggregate amount of our coins. Large sums will from convenience, be in general, received and paid as they now are, in paper money. An amount of dollars and gold or of dollars, sufficient for all the exigencies which are likely to arise from the operation of this rule, may be coined within two years. That an interval may be allowed which shall be amply sufficient for all necessary preparation, in respect both to the convenience of the community and the ability of the mint, the fourth day of July 1833, is proposed as the time when this regulation shall take effect.

Our system of money is in the main, excellent; and in most of its great principles, no innovation can be made, with advantage. But it is not perfect, and it is susceptible of much improvement. The design of this Report has been, to present and discuss some of the defects of the existing laws; and to propose the new regulations which are requisite to supply those defects. These regulations are conceived not only to be amendments important in themselves, as sound principles of a permanent system, but also to be urgently required by the actual state of the coins now in use.

The general effects of these regulations will be, to promote the coinage of

the precious metals; to increase the quantity of our own coins, and especially, of some of our coins which now scarcely enter into our circulation; to diffuse our different coins throughout the United States; and to retain them in the circulation and use of the community.

The propositions now submitted, are these:

1. That our copper coins shall be a legal tender for payment of any sum not exceeding ten cents, and for no greater sum.
 2. That our silver coins less than a dollar, shall not be a legal tender for payment of any sum exceeding ten dollars.
 3. That when our coins of gold or silver are diminished in weight, more than a twenty-fifth part of their full weight, they shall not be legal money.
 4. That no foreign coin whatever shall be a legal tender.
 5. That the first and third of these regulations, shall be in force immediately; that the fourth shall take effect on the fourth day of July 1831; and that the second shall take effect on the fourth day of July 1833.
- A bill containing these provisions, is also submitted.